



**Financial Management Systems Improvement Council
Meeting Notes
Hyatt Regency Bethesda
Bethesda, MD
March 18, 2003**

Attendees: Bonnie Apodaca-SNL, Mike Bartos-ANL, Jim Campbell-DOE HQ, Bruce Chrisman-Fermilab, Marty Conger-PNNL, Jim Herring-LANL, Brian Morishita-INEEL, Dean Olson-DOE AL, Jennifer Hackett-DOE OR, Paul Rosenkoetter-INEEL, Brian Sack-BNL, Phil Schultz-LLNL

Guests: Jean Boot-Ames Lab, Mark Israel-BNL

Not present: Tom Baranouskas-PNNL, Nancy Fitchpatrick-DOE OR, Paul Grefenstette-WSRC, Paul Keele-DOE ID, Ron Ragland-BWXT Y12

Jim Herring

- Paul Grefenstette has decided to step down from his position as FMSIC Chairman and Jim Herring will take his place and serve out the rest of Paul's term which ends with the Spring FMSIC Council meeting in 2004. Bruce Chrisman, Fermilab, was elected FMSIC Chairman-Elect

Jim Campbell

- Dr. Bruce Carnes will be leaving the Department of Energy and will become the CFO for Homeland Security. Also, his chief of staff will be leaving DOE and joining him at Homeland Security. Jim Campbell is now the Acting Director, Office of Management, Budget and Evaluation and also the acting Chief Financial Officer for the Department of Energy. Functionally, Jim Powers will have responsibility for engineering and construction management, human resource, and administration in addition to his responsibility for program analysis and evaluation. Jim Campbell will have responsibility for the rest of the organizations in the MBE office. Gwen Cowan from the Office of Procurement and Assistance Management will be temporarily assigned to assist him.



- Asked if the Council would be willing to help the department look at facilities and infrastructure funding reporting. Should FSCO be included? He will appoint someone from HQ and this person will coordinate with Jim Herring. Need a list of objective, outcomes and time frame when looking into this.
- Maybe have the DOE IT vision presented at the next FMSIC All-Contractors Meeting.
- 2004 Budget. We had 6% increase overall of our 03 request through 04. \$21.9 billion was our 03 request, 04 request is \$23.4 billion. Congress actually added \$7M to the DOE request. A 1,600 page report with 1 page of descriptions for each of the LDRD projects was prepared for review and was well received.
- Contractors pensions. One contractor pension was thought to be excessive because of unfunded issues.
- 2003 Budget. Discussed the different ways of handling the security budget and how to distribute costs and fund the effort either direct or indirect.
- 2005 Budget. Currently being worked. The internal budget has some allowance. A serious problem is on the budgeting side so we need to get it straightened out before June even though it's not part of the mainstream budget. One of Congress's concerns is deferring maintenance and then later requesting for a line item to fix it.
- Rick Sweeny retired in September and John Newel was hired as his replacement. He comes from a career in working for Congress and IG then he moved to Treasury. He has twice been awarded presidential rank award.
- The department has established a management council that is chaired by the Deputy Secretary and meets monthly. Its primary objective is the implementation of the President's Management Agenda. The meeting last week was primarily focused on performance, measures, and performance process improvements.
- Purchase card reviews. These reviews continue to be conducted not only at Los Alamos but other sites because of all the attention. Sites were asked to be helpful during these reviews.
- Financial statements. The department is doing very well in this area. Need to accelerate the reporting date to December 15. Still have a lot of IG issues. There are two separate working groups working very closely with the auditors so there are no surprises.



- Data should reside in systems and flow up very quickly on a daily basis.

Recording of Depreciated Value of Personal Property.

- DOE requires reporting of equipment missing at acquisition value rather than depreciated value. In one specific instance this was the reason for the valuation of a piece of equipment ranging from \$1.2M to \$119K. DOD reporting depreciated value on missing equipment. Is there a way DOE could change to cost of depreciation or fair market value? It was decided that FMSIC would write a recommendation to the DOE CFO and Property Management. It was noted that fair market value and depreciated value are not necessarily the same. Need to drop property out of fixed asset systems after it is depreciated. Need to find out what the policy is for federal agencies regarding depreciation and the handling of depreciated fixed assets. Need to look at NASA's depreciation policy. Phil will draft a recommendation and Dean will conduct research on how a policy (Title 41) is changed. The draft will be routed to other members.

IGPP and IGPE.

- Pilot to use general plant equipment and general plant projects with indirect funding. Question is to move past pilot stage because the pilots demonstrate CAS compliance and also good for other sites. Would also include caveat that G&A could not be increased because of this. Because typically IGPP and IGPE funding goes towards programmatic use. Concern was expressed to remove G&A restriction to make this proposal fly. Jim Herring will survey the FMSIC members on this topic.

Raising the Limitation of IGPP Up from \$5M.

- Jim Herring wrote a paper two years ago proposing a ceiling increase to \$7.5 M for IGPP. The Council decided to conduct an analysis of what the recommendation amount should be. Must make clear the distinction between GPP and IGPP. Jim will ask each site for input and will also talk to Jerry Bellows about NLIC's position on this.

Site Reports

- INEEL will be splitting its current single contract into two entities, i.e., they will be autonomous from each other. It is also moving from EM to NE. Decision is forthcoming whether to extend the contract or compete it as two contracts. Personnel will be divided between R&D and clean up by the end of May.
- BNL. A new director is coming in April, 2003. They are waiting for contract negotiations and are applying the Card Principles.



Is LDRD applied to S&S at the various sites? Is it included in the G&A or CS pool?

- SNL yes G&A
- INEEL yes G&A
- ANL no G&A
- LLNL yes G&A
- PNNL yes G&A
- Fermi n/a
- BNL yes G&A*
- ORNL yes G&A

**Effective FY-2004 LDRD will not be charged to safeguards and security.*

The Oakland and Las Vegas NNSA offices will be closed in September, 2004.

FMSIC All-Contractors Meeting Advisory Board

- It was agreed that Brian Morishita would create an ACM Advisory Board. The purposes of this board are (1) to serve as a backup to Brian for event management. (2) To develop recommendations for the Council for the next ACM agenda including speakers, format, topics, etc.

Next FMSIC and All-Contractors Meetings

- It was also agreed that Brian could select and contract a location for the next three FMSIC meetings (July and November, 2003 and April, 2004). This was done because it would probably ensure being offered better hotel meeting room and food rates if a commitment for the next three meetings was offered.
- The next FMSIC meeting will be at the end of July/early August in the Washington, D.C. area.